1988 ANNUAL REPORT

Municipal Finance Authority of British Columbia

Municipal Finance Authority of British Columbia

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FRONT COVER

Carney Creek near Kootenay Lake, Central Kootenay Regional District *Courtesy Province of B.C.*

Daffodils in Beacon Hill Park, Capital Regional District *Courtesy Province of B.C.*

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Financial Highlights

MILLIONS OF DOLLARS

	1988	1987
AT DECEMBER 31:		
Total assets — combined funds	1,380	1,357
Loans to Regional Districts outstanding	1,114	1,124
Long-term debt outstanding	1,201	1,202
Sinking funds	89	75
Long-term debt, net	1,112	1,127
Debt Reserve Fund	135	125
Investments (including sinking funds)	257	211
IN THE YEARS ENDED DECEMBER 31:		
New loans to Regional Districts	39	42
Loan repayments from Regional Districts	49	46
New debt issued	127	163
Debt retired	128	181
Investments income	24	22
Interest paid	137	137

Members and Officers — 1988

MEMBER	REGIONAL DISTRICT
E. Larsen	*Alberni-Clayoquot Regional District*
G. E. McFee	*Bulkley-Nechako Regional District*
H. F. Sturrock	*Capital Regional District*
N. L. Sealey	*Capital Regional District*
D. Brecknock	*Cariboo Regional District*
B. Roe	*Central Coast Regional District*
G. F. Ferguson	*Central Fraser Valley Regional District*
G. B. Cady	*Central Kootenay Regional District*
J. H. Stuart	*Central Okanagan Regional District*
G. Abbott	*Columbia-Shuswap Regional District*
K. A. Hudson	*Comox-Strathcona Regional District*
M. Robertson	*Cowichan Valley Regional District*
B. Hartley	*Dewdney-Alouette Regional District*
H. Tapp	*East Kootenay Regional District*
D. Edwards	*Fort Nelson-Liard Regional District*
L. Forman	*Fraser-Cheam Regional District*
A. Stauble	*Fraser-Fort George Regional District*
G. J. Blair	*Greater Vancouver Regional District*
D. T. Driscoll	*Greater Vancouver Regional District*
J. E. Loucks	*Greater Vancouver Regional District*
D. A. S. Lanskail	*Greater Vancouver Regional District*
M. Baker	*Greater Vancouver Regional District*
W. A. Fomich	*Greater Vancouver Regional District*
E. Hamilton	*Kitimat-Stikine Regional District*
B. Brash	*Kootenay Boundary Regional District*
G. Popovich	*Mount Waddington Regional District*
A. Kruyt	*Nanaimo Regional District*
E. Shipmaker	*North Okanagan Regional District*
D. R. McDougall	*Okanagan-Similkameen Regional District*
S. Pomeroy	*Peace River Regional District*
C. Childress	*Powell River Regional District*
P. J. Lester	*Skeena-Queen Charlotte Regional District*
R. D. Cumming	*Squamish-Lillooet Regional District*
P. Connor	*Sunshine Coast Regional District*
J. F. Lapin	*Thompson-Nicola Regional District*

BOARD OF TRUSTEES

J. H. Stuart, CHAIRMAN
R. D. Cumming
G. J. Blair
W. A. Fomich
G. E. McFee
N. L. Sealey
A. Stauble

OFFICERS

CHAIRMAN:
J. H. Stuart

ACTING CHAIRMAN:
R.D. Cumming

SECRETARY-TREASURER:
J. R. Craven

DEPUTY SECRETARY-TREASURER:
W. C. Greer

AUDITORS

PEAT MARWICK
VANCOUVER, B.C.

SOLICITORS: BOND COUNSEL

FARRIS, VAUGHAN, WILLS & MURPHY
VANCOUVER, B.C.

SOLICITORS: GENERAL COUNSEL

COX, TAYLOR, BRYANT
VICTORIA, B.C.

Chairman's Report — 1988

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

PHOTO: GLEN ROBINSON

James H. Stuart
CHAIRMAN

It is my pleasure to submit the eighteenth annual report of the Municipal Finance Authority of British Columbia.

Despite initial concern over the effects on the economy in the aftermath of the stock market collapse of October 19, 1987, the year 1988 on balance was surprisingly buoyant. In British Columbia, firm commodity markets assisted economic growth which was felt in most regions of the province, although there were, of course, exceptions. The outlook for 1989 is for another year of growth.

Financial markets are still deeply preoccupied with concerns over budgetary deficits and trade imbalances. In particular, it appears that if United States trade and budget deficits are not addressed and if inflationary expectations rise, rates will continue to move up as they certainly did in 1988. Ten year rates for an MFA issue rose from about 9.56% at March 31st to 11% by year end. Rates were volatile throughout the year and will probably remain so in 1989.

The cyclical nature of our provincial economy has always been recognized by local governments. Since the last recession, however, there has come the realization that we live in a changed world. Capital programs have been scaled down. The use of reserve

and surplus funds to finance them has increased as has "pay-as-you-go" financing. All of these factors have led to smaller amounts needing to be borrowed by our municipalities and regional districts. This is a significant change from the 1970s when inflation was running into double digits and up to 100% of a project was borrowed in order to complete it before the cost increased any further. Today, although inflation rates have fallen to the 4-5% range, interest rates have not fallen as much and, as a result, borrowings are far less attractive. I recently noted that five-year capital budgets projected continued use of current revenue and accumulated funds for capital programs and reduced use of debenture financing. In my view, this is an appropriate response to the changed circumstances of the late 1980s.

The free trade agreement between Canada and the United States will see remaining tariffs removed over a ten-year period and similar agreements with the United States may well be sought by countries as diverse as Mexico and Japan. In Europe, common standards and the removal of remaining internal tariff and other trade barriers will come into effect by the end of 1992. Many of these developments will cause structural changes in the British Columbia economy and the responses to them will test the ingenuity of business, labour and government leaders in the province.

The Canadian dollar continued to strengthen against the United States dollar in 1988. This helped to lower the cost of servicing our United States dollar debt. Over the past ten years, the MFA has had a philosophy of borrowing in Canadian dollars whenever possible and, as a result, our remaining U.S. pay debt is significantly reduced. Prospects for the Canadian dollar in 1989 notwithstanding, we have studied techniques which might be useful at this stage so as to better manage exchange risk in specific U.S. pay issues. These studies will continue in 1989.

New borrowing requirements of the MFA were met with issues in the spring and fall. In April, we raised $17.5 million by way of a 9.5% ten-year issue, retractable to five years. By including the retraction feature the MFA achieved substantial savings over both the cost of a straight ten-year issue and of a straight five-year issue. In September, the MFA sold $21.7 million of 1-10 year serial debentures, yielding 10.5% to 10.9%.

In periods of high interest rates it has been the policy of the board of trustees to borrow for shorter terms than required by members and then refund these issues at maturity. This strategy has been successful. For example, in September 1988, we issued $88 million ten-year 10.875% debentures to refund the maturity of 13.625% debentures issued in 1982. The resulting interest savings have been passed on to participating regional districts and municipalities through downward adjustment of relending rates.

All three new issues mentioned above are payable in Canadian dollars and were sold in Canada; all three were well received by investors. Our efforts over the last ten years to "sell" the MFA credit in Canada have been extremely worthwhile. I was pleased to learn early in 1989 that Canadian Bond Rating Service had increased our credit rating to AA+. Although all of our borrowing requirements can readily be met in the Canadian domestic market, it has to be cost-effective which it was in the case of our three 1988 issues. From time to time, however, the popularity of the Canadian dollar with overseas investors, combined with our excellent international credit ratings, mean significant savings for our members if we borrow in the Euro-Canadian market.

Our short-term investment pool program is proceeding well. A competition was announced and requests for proposals were mailed to private sector fund managers in September. At December 31, we were evaluating proposals received from across Canada. We expect to be able to announce the appointment of a manager for the program and a start-up date for the

investment pool at our annual meeting on March 30th. This new service will be available for all municipalities and regional districts to use on a voluntary basis and does not prohibit them from investment on their own directly in the marketplace.

During the last five years, the sources of funding for the MFA's operations have changed considerably. In 1983, the tax levy formed 82% of operating revenue and by 1988 had been reduced to 36%. User fees make up most of the difference and this source of revenue will grow as members take advantage of the short-term investment service. In addition, we have been very successful in keeping operating costs down.

Prudent investment of sinking and other debt service related funds has produced earnings substantially in excess of actuarial requirements. The 1988 amendments to our act provide a means of distributing these excess moneys to the participants in a particular issue and ought to reduce or eliminate future payments required from them. The amendments also made it possible to return debt reserve fund contributions once each participant's obligation to the MFA is discharged rather than waiting until final maturity of the issue. This change allowed us to return an extra $709,702 to our member municipalities in 1988. In addition, $1,125,038 in demand notes were cancelled.

At the close of 1988, the MFA's debt was comprised of 78.43% in Canadian funds (ten years ago it was 46%), 21.18% in United States funds (1978—46%), 0.31% in Swiss Francs (1978—7%) and 0.08% in Deutschemarks (1978—1%).

At December 31, 1988, long-term debt outstanding was $1.2 billion. During 1988, payments of principal and interest in excess of $196 million were received from our regional districts and municipalities. At December 31, 1988 investments managed totalled $257 million, broken down as follows:

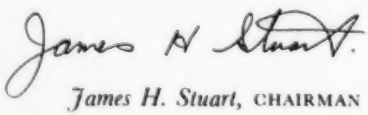
Debt Reserve Fund $47.5 million.
Sinking and Related Debt Servicing Funds $209.5 million.
Interest earnings in 1988 totalled $24.5 million.

The types of investments which may be held by the Municipal Finance Authority are regulated by our act. At December 31, 1988 our portfolio consisted of $63.3 million of securities of or guaranteed by the government of Canada, $90.2 million of securities of or guaranteed by provincial governments, $51.2 million of securities of or guaranteed by Canadian chartered banks, $1.4 million of securities of B.C. credit unions, $14.4 million of securities of municipal governments in Canada and $36.5 million of obligations of the Municipal Finance Authority.

We continue to enjoy the close friendship that has developed over the years between local government and this Authority. Equally valuable is the help we get from the staff of the ministries of Municipal Affairs, Recreation and Culture and Finance as well as the close attention paid to our concerns by the ministers responsible for these two portfolios.

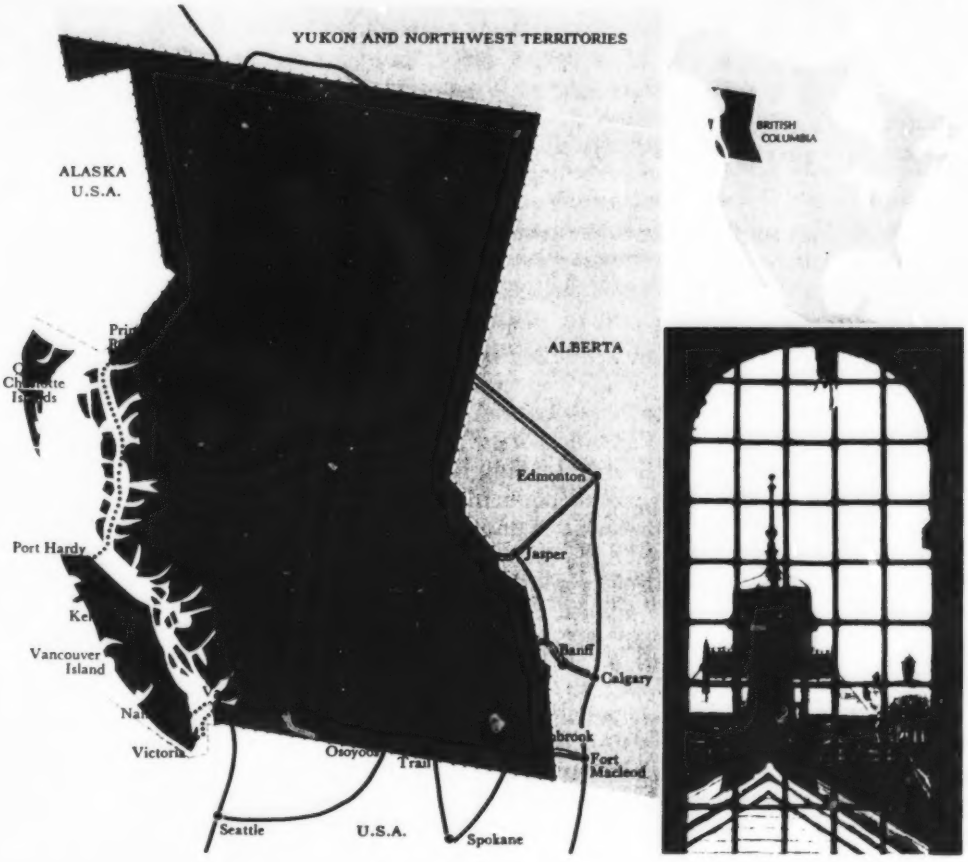
Before I close, I would like to thank Art Stauble for his contribution as a member of our board since 1978 and a trustee for the last couple of years. Art has made a unique contribution to the authority and we wish him well.

And finally, I would like to recognize all the other members of the board of trustees as well as the staff of this organization. We have enjoyed a solid year of accomplishment. It has been a great pleasure to serve as your chairman during 1988.



James H. Stuart, CHAIRMAN

Telkwa River at Telkwa, Bulkley-Nechako Regional District *Courtesy Province of B.C.*



"The objects of the authority are to provide financing of capital requirements for regional districts and for their member municipalities by the issue of its securities and lending the proceeds from them to the regional district on whose request the financing is undertaken, and to provide short term investment opportunity for regional districts and municipalities by the establishment and operation of pooled investment funds."

Municipal Finance Authority Act, Revised Statutes of British Columbia, 1979.

How the Municipal Finance Authority of British Columbia Functions

Responsibility

The Municipal Finance Authority of British Columbia was established in 1970 by the Municipal Finance Authority of British Columbia Act, Chapter 292, Revised Statutes of British Columbia, 1979.

Regional districts and municipalities in British Columbia finance through the Authority all long-term capital requirements except those met by senior levels of government.

The City of Vancouver is the only municipality in the Province which retains the right to issue its own securities to finance capital projects. Taxable land and improvements within the City of Vancouver are, nevertheless, subject to rates levied by the Municipal Finance Authority.

Representation

The Province of British Columbia is divided into twenty-nine regional districts, each of which is governed by a Regional Board consisting of representatives of its member municipalities and unincorporated areas.

The members of the Municipal Finance Authority are appointed by the Regional Boards; the number of members to which a regional district is entitled is based upon its population.

The executive and administrative powers and duties of the Authority are exercised and performed by a Board of Trustees consisting of the Chairman of the Authority and six other members, elected annually. The Capital Regional District and the Greater Vancouver Regional District must be represented on the Board of Trustees.

Funding

When the municipalities, through the regional districts, and the regional districts on their own behalf, wish to finance their capital projects, they present their approved requests to the Municipal Finance Authority.

Taking into account market and economic conditions pertaining, the members of the Authority may authorize the issue and sale of securities in an amount sufficient to meet the requests.

Securities of the Authority, not exceeding the amount authorized, may then be issued at such rates and pursuant to such terms and conditions and in such markets and currencies as the Board of Trustees may determine. Under the Act, the Authority has power to provide for the creation, management and application of sinking funds or other means of securing the repayment of securities issued by the Authority, including the redemption by call of securities issued subject to redemption in advance of maturity.

A separate account is maintained for each sinking fund security issue and moneys at the credit of a sinking fund which cannot be immediately applied toward paying the debt or discharging the obligation may be invested in:

(a) securities of the government of Canada or a province of Canada, or

(b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or

(c) securities of a municipality or regional district in British Columbia, or of a local, municipal or regional government in another province of Canada, maturing not later than the securities for which the sinking fund was created, or

(d) investments guaranteed by a Canadian chartered bank, or

(e) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act, or

(f) securities of the Municipal Finance Authority of British Columbia maturing not later than the securities for which the sinking fund was created.

Protection for Investors

In British Columbia, the combined credit of all the regional districts and their member municipalities—which together have essentially all the taxable land and improvements in the Province—stands behind the Authority's obligations.

In addition, the Authority has established a debt reserve fund into which each regional district sharing in the proceeds of a security issue having a term to maturity of over two years must contribute an amount equal to one-half the average annual instalment of principal and interest for repayment of the issue; such amount is payable to the Authority at the time of issue either in full or in an amount equal to one percent of the principal amount borrowed with the balance secured by a non-interest bearing demand note of the regional district issued to the Authority. Moneys paid into the debt reserve fund, and interest earned thereon, are obligations of the Authority to the regional districts and must be refunded to them when the final instalments of their loans have been repaid. However, where a municipality has discharged its obligation to a regional district with respect to a security issue, the Authority may, during the term of the issue, subject to approval by the Inspector of Municipalities, repay to the regional district for the credit of the municipality a portion of the money which is an obligation to the regional district and the money so paid shall be applied to reduce that obligation.

If, at any time, the Authority lacks sufficient funds to meet principal, interest or sinking fund payments due on its obligations, it must utilize the debt reserve fund, all or any part of which is available to satisfy the Authority's obligations, regardless of the sources of the moneys in the fund. In the event that payments are made from the debt reserve fund, the Authority will recover such payments from the regional districts involved in order to restore the debt reserve fund. If the Trustees are of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, they may levy upon all taxable land and improvements in the Province a tax sufficient to restore the fund to its required amount. It is mandatory for the Trustees to levy such a tax when the balance in the debt reserve fund is less than fifty percent of the required amount. The Trustees' power to impose taxes does not require the permission or approval of any other governmental authority. Pending the receipt of such taxes, the Authority may borrow an equivalent amount to meet its obligations.

The provincial government has undertaken to assure that the debt reserve fund will be maintained in accordance with the Municipal Finance Authority Act and the Inspector of Municipalities may inspect the fund from time to time and issue a certificate that it has been maintained at the proper level.

Moneys in the debt reserve fund may be invested in:

(a) securities of the government of Canada or a province of Canada, or

(b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or

(c) deposits in, or investments guaranteed by a Canadian chartered bank, or

(d) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act.

Such investments must mature or be callable within five years and at least twenty-five percent of the fund must be callable within ninety days.

Additional Protection for Investors

Regional districts and their member municipalities financing through the Municipal Finance Authority must obtain the same provincial approvals as would be required if they were issuing their own securities. In this way, all the safeguards imposed by the Provincial Legislature on the incurring of indebtedness by regional and municipal governments are retained. Such safeguards include the requirement that the Inspector of Municipalities approve the debt and user charges, if any, and other taxes to service the debt. In addition, sewer and water projects require the issuance of a certificate of self-liquidation by the Inspector of Municipalities.

Limitations on the borrowing power of a regional district for each function may be specified in its letters patent. The total indebtedness which a municipality may contract is limited to a percentage of the assessed value for general municipal purposes of the taxable land and improvements within the municipality and the value of the utility systems and other municipal enterprises for which the municipality has a subsisting certificate of self-liquidation granted by the Inspector of Municipalities.

Schedule of Loans to Regional Districts

OUTSTANDING AT DECEMBER 31, 1988
THOUSANDS OF DOLLARS (EXCEPT PER CAPITA)

	Principal Outstanding Dec. 31, 1987	1988 New Loans Issued	1988 Principal Repaid	Principal Outstanding Dec. 31, 1988	Per Capita
REGIONAL DISTRICTS					
Alberni-Clayoquot	$ 7,629	220	543	7,306	241
Bulkley-Nechako	14,082	135	538	13,679	365
Capital	93,436	7,098	3,947	96,587	364
Cariboo	32,911	2,963	1,241	34,633	573
Central Coast	—	—	—	—	—
Central Fraser Valley	66,524	3,355	2,517	67,362	492
Central Kootenay	16,317	168	746	15,739	320
Central Okanagan	44,066	1,060	1,793	43,333	483
Columbia-Shuswap	19,372	395	866	18,901	471
Comox-Strathcona	49,795	756	1,966	48,585	683
Cowichan Valley	23,268	—	1,023	22,245	423
Dewdney-Alouette	46,620	411	1,497	45,534	655
East Kootenay	62,621	1,429	2,269	61,781	1,164
Fort Nelson-Liard	6,856	—	279	6,577	1,280
Fraser-Cheam	15,693	1,200	442	16,451	284
Fraser-Fort George	58,329	1,106	2,511	56,924	637
Greater Vancouver	201,979	10,546	11,014	201,511	159
Kitimat-Stikine	17,179	—	803	16,376	415
Kootenay Boundary	11,630	2,000	459	13,171	434
Mount Waddington	5,632	—	272	5,360	359
Nanaimo	60,595	500	2,447	58,648	714
North Okanagan	26,944	345	1,121	26,168	475
Okanagan-Similkameen	24,006	384	1,035	23,355	395
Peace River	73,324	1,157	3,508	70,973	1,365
Powell River	5,990	850	324	6,516	355
Skeena-Queen Charlotte	23,260	900	1,057	23,103	1,002
Squamish-Lillooet	17,916	576	558	17,934	908
Sunshine Coast	7,716	118	298	7,536	450
Thompson-Nicola	66,054	1,611	3,167	64,498	655
OTHER					
District of Campbell River	3,150	—	100	3,050	180
Greater Nanaimo Water District	21,607	—	564	21,043	291
	$ 1,124,501	39,283	48,905	1,114,879	386

The Growth and Stability of British Columbia's Regional Districts and Municipalities therein

ASSESSMENT

The British Columbia Assessment Authority, a provincially-appointed body, is responsible for assessment throughout the Province.

The fundamental principle underlying the Assessment Act is that land and improvements must be valued at their actual value (i.e., fair market value).

The actual value totals for the Province in the years 1983 to 1988 were as follows:

1983	$ 138.3 billion	1986	$ 147.7 billion
1984	$ 140.8 billion	1987	$ 137.5 billion
1985	$ 145.7 billion	1988	$ 140.4 billion

Property is segregated by type or use into property classes prescribed by the Lieutenant Governor in Council.

The value subject to taxation after applicable exemptions is referred to as the net taxable value.

A variable tax rate system was introduced in 1984 which transferred the variability factor from the assessed value to the taxation process controlled by each taxing authority. Municipal and other taxing authorities now set tax rates for each class of property to produce the level of taxation desired.

SOURCE: BRITISH COLUMBIA ASSESSMENT AUTHORITY

TAX LEVIES AND COLLECTIONS

The following table sets forth the tax levies and the collection experience of the regional districts and municipalities in British Columbia for the years 1983 through 1987:

Tax Levies and Collections by the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

	1987	1986	1985	1984	1983
Current tax levy	1,876	1,805	1,765	1,748	1,685
Arrears	129	135	152	157	146
Total taxes	2,005	1,940	1,917	1,905	1,831
Current taxes collected	1,804	1,725	1,681	1,654	1,586
Current collections as per cent of current tax levy	96.17%	95.57%	95.24%	94.62%	94.12%
Arrears collected	92	96	108	107	93
Total collections as per cent of current tax levy	101.07%	100.88%	101.36%	100.74%	99.64%

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS, RECREATION AND CULTURE

Revenues and Expenditures of the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

	1987	1986	1985	1984	1983
REVENUES:					
Real property taxes	935	880	816	759	710
Other taxes	86	80	82	93	107
Total taxation	1,021	960	898	852	817
Contributions, grants and subsidies:					
Federal	29	24	26	24	23
Provincial	302	292	270	265	278
Taxes collected for school authorities	789	779	819	857	852
Other revenues—general	488	438	407	390	366
Other revenues—sewers	63	56	52	49	43
Other revenues—utilities	150	139	133	126	131
	2,842	2,688	2,605	2,563	2,510
Transfers from reserves	70	65	57	57	50
Transfers from surpluses of prior years	35	25	33	30	23
	2,947	2,778	2,695	2,650	2,583
EXPENDITURES:					
General government	216	205	202	189	181
Fire and police	395	370	357	341	327
Public works and sanitation	304	261	247	231	226
Public health	50	47	45	43	38
Social welfare	3	3	2	3	2
Recreation and community services	269	246	227	213	204
Debt charges	312	310	297	275	252
Taxes transmitted to school authorities	789	779	819	857	857
Other expenditures—general	167	184	168	170	132
Other expenditures—sewers	43	40	37	33	32
Other expenditures—utilities	96	90	90	83	116
Contributions to capital—general	92	78	77	75	79
Contributions to capital—sewers	9	7	5	3	4
Contributions to capital—utilities	21	15	13	11	10
	2,766	2,635	2,586	2,527	2,460
Transfers to reserves	128	96	85	91	85
Operating surplus	53	47	24	32	38
	2,947	2,778	2,695	2,650	2,583

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS, RECREATION AND CULTURE

Winter scene near New Denver, Central Kootenay Regional District *Courtesy Province of B.C.*

Auditors' Report — 1988

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

KPMG Peat Marwick

Chartered Accountants

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We have examined the balance sheets of the Operating Fund, Debt Fund, Capital Repayment Equalization Fund, Debt Reserve Fund and Market Development Fund of Municipal Finance Authority of British Columbia and the combined balance sheet of these funds as at December 31, 1988, the statements of revenue, expenditure and surplus and changes in financial position of each of these funds and the combined statements of revenue, expenditure and surplus and changes in financial position of these funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1988, and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for gains/losses on purchases of its own securities for investment purposes as described in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Peat Marwick

CHARTERED ACCOUNTANTS

Vancouver, British Columbia, Canada
January 27, 1989

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Balance Sheets

DECEMBER 31, 1988 — WITH COMPARATIVE FIGURES FOR 1987
THOUSANDS OF DOLLARS

	OPERATING FUND		DEBT FUND	
	1988	1987	1988	1987*
ASSETS				
Cash	$ 306	247	214	637
Receivables:				
Due from Operating Fund	—	—	—	—
Due from Capital Repayment Equalization Fund	—	—	34,933	32,812
Accrued interest	—	—	—	—
Other	14	16	—	—
Total receivables	14	16	34,933	32,812
Investments (Note 3)	—	—	—	—
Demand notes receivable from Regional Districts, without interest	—	—	—	—
Loans to Regional Districts (Note 4)	—	—	1,114,879	1,124,501
Deferred receivables from Regional Districts (Note 5)	—	—	1,605	2,183
Unamortized issue and refunding costs	—	—	4,194	3,918
Sinking fund assets in excess of related debt	—	—	974	—
	$ 320	263	1,156,799	1,164,051
LIABILITIES AND SURPLUS				
Liabilities:				
Accounts payable and unpresented matured debt	$ 52	45	231	640
Due to Debt Fund	—	—	—	—
Due to Market Development Fund	48	45	—	—
Due to sinking and other funds (Note 6)	—	—	1,621	3,200
Due to Regional Districts (Note 7)	—	—	—	—
Reserves for information systems enhancement	152	102	—	—
Long-term debt, net (Notes 8, 9 and 10) (Schedule)	—	—	1,112,311	1,126,765
Total liabilities	252	192	1,114,163	1,130,605
Surplus, per accompanying statement (Note 11)	68	71	42,636	33,446
Commitments (Note 12)				
	$ 320	263	1,156,799	1,164,051

* Restated, see Note 2 to financial statements.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1988	1987*	1988	1987	1988	1987	1988	1987*
775	1,207	213	295	—	—	1,508	2,386
—	—	—	—	48	45	—	—
—	—	—	—	—	—	—	—
1,076	619	655	641	—	—	1,731	1,260
—	—	—	—	—	—	14	16
1,076	619	655	641	48	45	1,745	1,276
121,001	98,293	47,517	39,135	—	—	168,518	137,428
—	—	86,321	85,140	—	—	86,321	85,140
—	—	—	—	—	—	1,114,879	1,124,501
—	—	—	—	—	—	1,605	2,183
—	—	—	—	—	—	4,194	3,918
—	—	—	—	—	—	974	—
122,852	100,119	134,706	125,211	48	45	1,379,744	1,356,832
—	—	4	5	—	—	287	690
34,933	32,812	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	1,621	3,200
—	—	134,702	125,206	—	—	134,702	125,206
—	—	—	—	—	—	152	102
—	—	—	—	—	—	1,112,311	1,126,765
34,933	32,812	134,706	125,211	—	—	1,249,073	1,255,963
87,919	67,307	—	—	48	45	130,671	100,869
122,852	100,119	134,706	125,211	48	45	1,379,744	1,356,832

SECRETARY-TREASURER

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1988 — WITH COMPARATIVE FIGURES FOR 1987
THOUSANDS OF DOLLARS

	OPERATING FUND		DEBT FUND	
	1988	1987	1988	1987*
REVENUE				
Prior year's surplus appropriated	$ 71	52	—	—
Operating levy	245	253	—	—
Recoveries from new issues	95	87	—	—
Management fees	238	206	—	—
Investments income	17	12	9,272	7,811
Interest from loans to Regional Districts	—	—	3,412	3,499
Principal from loans to Regional Districts	—	—	—	—
Recovery of deficiencies from Regional Districts	—	—	—	—
Transfers from Operating Fund	—	—	—	—
Transfers from Capital Repayment Equalization Fund	—	—	134,247	150,825
Transfers from Debt Reserve Fund	—	—	126	1,935
Other	2	—	2	—
Total revenue	668	610	147,059	164,073
EXPENDITURE				
Legislative	45	48	—	—
Administrative	530	466	—	—
Transfers to Debt Fund — capital	—	—	—	—
Transfers to Debt Fund — revenue	—	—	—	—
Transfers to Market Development Fund	25	25	—	—
Interest	—	—	137,174	137,521
Amortization of issue and refunding costs	—	—	471	540
Management fees	—	—	83	69
Allocations to Regional Districts	—	—	—	—
Other	—	—	141	18,197
Total expenditure	600	539	137,869	156,327
Excess of revenue over expenditure for the year	68	71	9,190	7,746
Surplus at the beginning of the year not appropriated to current revenue	—	—	33,446	25,700
Surplus at the end of the year	$ 68	71	42,636	33,446

* Restated, see Note 2 to financial statements.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1988	1987*	1988	1987	1988	1987	1988	1987*
67,307	65,410	—	—	45	53	67,423	65,515
—	—	—	—	—	—	245	253
—	—	—	—	—	—	95	87
—	—	—	—	—	—	—	—
10,434	10,113	4,764	4,193	—	—	24,487	22,132
143,947	140,911	—	—	—	—	147,359	144,410
47,236	43,695	—	—	—	—	—	—
—	—	4,279	7,130	—	—	4,279	7,130
—	—	—	—	25	25	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
749	1,903	—	—	—	—	753	1,903
269,673	262,032	9,043	11,323	70	78	244,641	241,430
—	—	—	—	—	—	45	48
—	—	—	—	—	—	530	466
47,236	43,695	114	2,344	—	—	—	—
134,247	150,825	126	1,935	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	137,174	137,521
—	—	—	—	—	—	471	540
113	101	42	36	—	—	—	—
158	104	8,708	6,931	—	—	8,980	9,379
—	—	53	77	22	33	216	18,307
181,754	194,725	9,043	11,323	22	33	147,416	166,261
87,919	67,307	—	—	48	45	97,225	75,169
—	—	—	—	—	—	33,446	25,700
87,919	67,307	—	—	48	45	130,671	100,869

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1988 — WITH COMPARATIVE FIGURES FOR 1987
THOUSANDS OF DOLLARS

	OPERATING FUND		DEBT FUND	
	1988	1987	1988	1987*
OPERATING ACTIVITIES				
Excess of revenue over expenditure for the year	$ 68	71	9,190	7,746
Non-cash items:				
Prior year's surplus appropriated	(71)	(52)	—	—
Gain on disposals of securities	—	—	—	—
Accretion of discounts on investments	—	—	(3,439)	(2,561)
Increase (decrease) in reserves for information systems enhancement	50	(13)	—	—
Amortization of issue and refunding costs	—	—	472	540
Allocations to Regional Districts	—	—	—	—
Changes in interfund balances	3	(8)	(434)	(554)
Decrease (increase) in accrued interest receivable	—	2	—	—
Decrease (increase) in other receivables	2	3	—	—
Increase (decrease) in accounts payable	7	(16)	(408)	(1,204)
Increase (decrease) in loans from sinking and other funds	—	—	(778)	778
Cash provided by (applied to) operating activities	59	(13)	4,603	4,745
FINANCING ACTIVITIES				
New debt issued	—	—	127,278	162,556
Loan repayments from Regional Districts	—	—	48,905	45,807
Decrease in deferred receivables from Regional Districts	—	—	578	11,939
New loans to Regional Districts	—	—	(39,283)	(42,646)
Debt retired	—	—	(127,706)	(180,906)
Increase in unamortized issue and refunding costs	—	—	(748)	(1,359)
Decrease in loans from sinking and other funds	—	—	(801)	(1,571)
Changes in interfund balances	—	—	(1,687)	11,222
Contributions from Regional Districts re new loans	—	—	—	—
Contributions and earnings thereon refunded to Regional Districts	—	—	—	—
Cash provided by (applied to) financing activities	—	—	6,536	5,042
INVESTING ACTIVITIES				
Investments sold or matured	—	—	22,952	8,746
Investments purchased	—	—	(34,430)	(19,351)
Other	—	—	(84)	(389)
Cash provided by (applied to) investing activities	—	—	(11,562)	(10,994)
Increase (decrease) in cash for the year	59	(13)	(423)	(1,207)
Cash, beginning of the year	247	260	637	1,844
Cash, end of the year	$ 306	247	214	637

* Restated, see Note 2 to financial statements.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CAPITAL REPAYMENT EQUALIZATION FUND		DEBT RESERVE FUND		MARKET DEVELOPMENT FUND		COMBINED	
1988	1987*	1988	1987	1988	1987	1988	1987*
87,919	67,307	—	—	48	45	97,225	75,169
(67,307)	(65,110)	—	—	(45)	(53)	(67,423)	(65,515)
(77)	(371)	—	—	—	—	(77)	(371)
(5,444)	(4,712)	(1,415)	(831)	—	—	(10,298)	(8,104)
—	—	—	—	—	—	50	(13)
—	—	—	—	—	—	472	540
—	—	8,708	6,931	—	—	8,708	6,931
434	554	—	—	(3)	8	—	—
(458)	481	(13)	6	—	—	(471)	489
—	—	—	—	—	—	2	3
—	—	(1)	(35)	—	—	(402)	(1,255)
—	—	—	—	—	—	(778)	778
15,067	(2,151)	7,279	6,071	—	—	27,008	8,652
—	—	—	—	—	—	127,278	162,556
—	—	—	—	—	—	48,905	45,807
—	—	—	—	—	—	578	11,939
—	—	—	—	—	—	(39,283)	(42,646)
—	—	—	—	—	—	(127,706)	(180,906)
—	—	—	—	—	—	(748)	(1,359)
—	—	—	—	—	—	(801)	(1,571)
1,687	(11,222)	—	—	—	—	—	—
—	—	393	427	—	—	393	427
—	—	(786)	(19)	—	—	(786)	(19)
1,687	(11,222)	(393)	408	—	—	7,830	(5,772)
244,701	305,716	24,770	22,674	—	—	292,423	337,136
(261,887)	(291,604)	(31,738)	(29,167)	—	—	(328,055)	(340,122)
—	—	—	—	—	—	(84)	(389)
(17,186)	14,112	(6,968)	(6,493)	—	—	(35,716)	(3,375)
(432)	739	(82)	(14)	—	—	(878)	(495)
1,207	468	295	309	—	—	2,386	2,881
775	1,207	213	295	—	—	1,508	2,386

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds

DECEMBER 31, 1988

1 Organization of Municipal Finance Authority of British Columbia and significant accounting policies

The Municipal Finance Authority of British Columbia (the "Authority"), created in 1970 by the Municipal Finance Authority of British Columbia Act (the "Act"), is the central borrowing agency for financing of capital requirements (other than for schools and hospitals) for regional districts and their member municipalities in the Province of British Columbia (the "Province"). The Authority issues its own securities and lends the proceeds to the regional districts on whose request the financing is undertaken. Obligations of the Authority are not obligations of the Province and are not directly or indirectly guaranteed by the Province.

The Authority follows the normal practice in local government accounting and maintains its accounts according to the principles of fund accounting, a technique by which its financial resources are segregated for specific activities or to attain certain objectives. Five funds are maintained. A brief description of each fund and its purpose is as follows:

OPERATING FUND

The Act provides for the establishment of an operating fund to meet the annual operating budget. For this purpose, the Authority may impose, annually, rates not exceeding the prescribed rates on all taxable land and improvements in the Province.

DEBT FUND

The Authority's financing activities on behalf of the regional districts in the Province are recorded in the Debt Fund.

CAPITAL REPAYMENT EQUALIZATION FUND

The Capital Repayment Equalization Fund is a repository for repayments from the regional districts under their loan agreements in advance of the Authority's requirements on its related indebtedness. Transfers, not exceeding the amount available in respect of each issue, are made to the Debt Fund to meet the Authority's obligations when due.

DEBT RESERVE FUND

Under the Act, the Authority is required to establish a Debt Reserve Fund. Each regional district sharing in the proceeds of a securities issue is required to pay into the Debt Reserve Fund an amount equal to one-half the average annual instalment of principal and interest in respect of its own borrowing together with one-half the average annual instalment of principal and interest as set out in the agreements entered into with the regional district by member municipalities in respect of their borrowings; such amount is payable either in full or in an amount equal to 1% of the principal amount borrowed with the balance secured by a non-interest bearing demand note.

If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the Debt Reserve Fund.

MARKET DEVELOPMENT FUND

The development of markets for the Authority's securities issues is segregated in the Market Development Fund. It is funded by transfers from the Operating Fund.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1988

A summary of significant accounting policies is as follows:

PRIOR YEAR'S SURPLUS

The Authority appropriates the prior year's surpluses to current revenue except the Debt Fund surplus which relates to the sinking funds.

INCOME RECOGNITION

The annual operating levy is recognized as revenue in the Operating Fund when the rates have been set by the Authority in March of each year. It is collected on behalf of the Authority by the municipalities in the Province and the Provincial Surveyor of Taxes and is payable to the Authority on August 1 each year.

OFFICE FURNITURE, FIXTURES AND EQUIPMENT

Office furniture, fixtures and equipment are written off in the year of acquisition.

INTEREST ACCRUALS

Interest is accrued only on investments. Accrued interest receivable from the regional districts under the loan agreements and accrued interest payable on the long-term debt are not recorded, except for unpaid matured interest coupons on coupon debentures which are recognized as accounts payable in the Debt Fund.

AMORTIZATION OF ISSUE AND REFUNDING COSTS

The issue and refunding costs are being amortized on a straight-line basis over the average lives of the securities issues to which they relate.

FOREIGN CURRENCY TRANSACTIONS

The long-term debt payable in foreign currencies is recorded in equivalent Canadian dollars at the exchange rates prevailing when the debt was incurred except the debt payable in U.S. dollars which is stated at the rate of U.S. $1 equals Canadian $1.

The Authority does not adjust its assets and liabilities denominated in foreign currencies to reflect the exchange rates at the balance sheet date since, in the opinion of the Authority, its foreign exchange exposure is fully hedged by virtue of its contractual arrangements with the regional districts on whose behalf the financing is undertaken and/or by the application of certain sections of the Act which, essentially, provide that all monetary risks, including foreign currency risks, are obligations of the regional districts.

INVESTMENTS

Investments are carried at cost, adjusted for amortization of premiums and accretion of discounts on a yield basis, including the investments in its own securities.

SINKING FUNDS

Under the Act, obligations of the Authority purchased for a sinking fund account together with interest, premium, or exchange derived from them shall be held to the credit of that sinking fund account but may be resold, subject to approval by the Inspector of Municipalities. However, securities purchased in anticipation of mandatory annual redemptions for sinking fund purposes are cancelled immediately in accordance with the terms of such issues.

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1988

2 Change in accounting policy

Effective January 1, 1988, the Authority retroactively changed its method of accounting for gains/losses on purchases of its own securities for investment purposes from immediate recognition to deferral and amortization of premiums and accretion of discounts on a yield basis over the term to maturity.

The effect of this change on the excess of revenue over expenditure for 1988 was not material. The comparative figures for 1987 have been restated and the cumulative effect of this change has been to increase long-term debt, net and decrease surplus by $5.9 million approximately in the Debt Fund and decrease investments and surplus by $89,000 approximately in the Capital Repayment Equalization Fund.

3 Investments

Investments consist of securities of:

	1988		1987*
	Par value	Book value	Book value
	(THOUSANDS OF DOLLARS)		
CAPITAL REPAYMENT EQUALIZATION FUND			
Government of Canada, direct or guaranteed	$ 39,268	25,933	19,628
Provincial governments, direct or guaranteed	62,319	41,607	24,779
Chartered banks, direct or guaranteed	39,970	39,732	46,852
Credit Unions in the Province	1,425	1,425	1,345
Regional Districts and Municipalities in Canada	9,681	9,552	4,210
The Authority	2,878	2,752	1,479
	$ 155,541	121,001	98,293
DEBT RESERVE FUND			
Government of Canada, direct or guaranteed	$ 16,641	13,961	9,586
Provincial governments, direct or guaranteed	29,268	25,915	15,814
Chartered banks, direct or guaranteed	7,655	7,641	13,735
	$ 53,564	47,517	39,135

* Restated, see Note 2.

Notes to Financial Statements — All Funds / continued

4
Loans to Regional Districts

Loans to regional districts include $250,855,602 (1987 - $266,134,162) denominated in U.S. dollars.

Under the Act, each regional district sharing in the proceeds of a securities issue must pay over to the Authority such sums as are required to discharge its obligations to the Authority in respect of such securities issue, but if the scheduled payments provided for under the loan agreement are not sufficient to meet the Authority's obligations in respect of that securities issue, the deficiency is a liability of the regional district to the Authority.

At the exchange rates prevailing at December 31, 1988, the scheduled payments under the agreements with the regional districts in respect of the securities payable in Swiss francs and Deutschemarks will not provide sufficient funds to meet the Authority's related obligations when due. Such deficiencies may be met from the Debt Reserve Fund (see Note 7).

The aggregate principal payments recoverable from the regional districts in each of the next five years are as follows:

	1988	1987
	(THOUSANDS OF DOLLARS)	
1988	$	48,633
1989	52,023	50,186
1990	53,477	51,639
1991	54,933	53,095
1992	55,468	53,630
1993	56,690	

5
Deferred receivables from Regional Districts

The deferred receivables from regional districts represent accumulated unrealized exchange losses which relate to the debt payable in Swiss francs. Amounts, in excess of the principal repayments per the loan agreements, recovered from the regional districts and applied to reduce the Swiss franc debt are credited to the deferred receivables from regional districts account. During 1988, $577,520 was credited to this account.

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1988

6
Due to sinking and other funds

The Authority may invest sinking fund and Capital Repayment Equalization Fund monies in its own securities maturing not later than the securities for which the sinking or Capital Repayment Equalization Fund account was created.

In addition to its own securities purchased under this provision, loans to the Debt Fund totalling $1,607,661 (1987 - $3,148,810) together with accrued interest of $13,219 (1987 - $51,111) were outstanding at December 31, 1988. Like the securities, the loans are included in the sinking fund assets and in investments and receivables in the Capital Repayment Equalization Fund and they have not been eliminated in the combined statements.

7
Debt Reserve Fund

The amounts due to the regional districts will be repaid to them when they have made the final payment under their respective loan agreements. However, where a municipality has discharged its obligation to a regional district with respect to a security issue, the Authority may, subject to approval by the Inspector of Municipalities, repay to the regional district for the credit of the municipality a portion of the money which is an obligation to the regional district and the money so paid shall be applied to reduce that obligation.

If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions must be made from the Debt Reserve Fund. During 1988, deficiencies of $240,660 (1987 - $4,278,847) in the amounts of funds available to meet the principal and interest payments on the Deutschemark loan (1987 - the interest and sinking fund payments on the Deutschemark and Swiss franc loans) have been met by transfers from the Debt Reserve Fund. Such deficiencies are recovered in the following year from the participating regional districts under the terms of their loan agreements.

The Board of Trustees of the Authority may levy or impose upon substantially all taxable land and improvements in the Province rates sufficient to maintain the Debt Reserve Fund at a level not exceeding the amount which would have been in the fund had no such payments been made. Further, the Board of Trustees must impose such rates when the balance in the fund is less than fifty percent of the amount that would have been in the fund had no such payments been made.

Notes to Financial Statements — All Funds / continued

8
Long-term debt

The aggregate long-term debt maturities and sinking fund requirements in each of the next five years are as follows (including the debt payable in European currencies at the exchange rates prevailing at December 31,1988 and provision for early redemptions at the option of the bondholder):

	1988	1987
	(THOUSANDS OF DOLLARS)	
1988	$	138,868
1989	36,437	35,738
1990	99,151	98,343
1991	44,425	40,243
1992	74,923	73,878
1993	134,678	

Certain securities issues are subject to specific annual redemptions for sinking fund purposes. By purchasing the securities at discount in the open market in anticipation of the sinking fund requirements, the Authority has, to December 31, 1988, retired $2,107,000 (1987 - $3,713,000) of such debt in advance of the scheduled redemptions for sinking fund purposes.

Since the maturities of certain of the Authority's securities issues and the related loans to the regional districts do not coincide, refunding of a portion of such securities issues will be required in future years.

9
Foreign currencies

The long-term debt payable includes the following amounts payable in foreign currencies:

		1988	1987
United States dollars	US$	254,387,000	266,476,000
Swiss francs	SFr	3,938,208	4,800,000
Deutschemarks	DM	3,300,000	4,125,000

No exchange gains or losses accrue to the Authority in respect of the debt payable in U.S. dollars since the related loans to the regional districts are denominated in U.S. dollars and the loan agreements provide for repayment to the Authority in U.S. dollars. In the case of other long-term debt denominated in European currencies, the Authority is not at exchange risk (see Note 1).

10
Sinking funds

The annual deposits to the sinking funds for securities issues payable in Canadian dollars are based on an interest rate of 5% per annum, capitalized yearly.

The assets and the surpluses of the sinking funds are as follows:

	1988		1987*
	Par value	Book value	Book value
	(THOUSANDS OF DOLLARS)		
Securities of:			
Government of Canada, direct or guaranteed	$ 41,421	23,427	15,962
Provincial governments, direct or guaranteed	32,245	22,655	15,875
Chartered banks, direct or guaranteed	4,058	3,834	8,353
Regional Districts and Municipalities in Canada	5,069	4,830	2,067
The Authority	39,539	33,727	31,299
	$122,332	88,473	73,556
Cash		627	501
Accrued interest and other		830	873
Total assets		89,930	74,930
Less: Assets in excess of the related debt		974	—
		88,956	74,930
Accumulated actuarial requirements for retirement of the related debt		60,249	51,766
Excess of assets over accumulated actuarial requirements		$ 28,707	23,164

* Restated, see Note 2.

Notes to Financial Statements — All Funds / continued

11
Capital Repayment Equalization Fund — surplus

The surplus relates directly to specific securities issues and, if not otherwise appropriated for payment of principal and/or interest during the term of such issues, will be paid over to the regional districts for which the financing was undertaken.

12
Commitments

The minimum future rental commitments for premises and equipment are as follows:

	Premises	Equipment	Total
1989	39,237	19,989	59,226
1990	39,237	12,491	51,728
1991	41,615	5,016	46,631
1992	46,371	—	46,371
1993	46,371	—	46,371
1994 - 1996	123,656	—	123,656

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Schedule of Long-Term Debt

DECEMBER 31, 1988 — WITH COMPARATIVE FIGURES FOR 1987
THOUSANDS OF DOLLARS

Issue / Series	Year of issue	Maturity date	Interest rate percent	Original amount
Payable in Canadian dollars:				
2	1971	December 1, 1989-1996	7.750	$ 1,259
3	1972	March 1, 1992	7.750	1,675
		March 1, 1997	7.750	2,575
6	1973	June 1, 1989-1992	8.125	8,727
7	1974	March 1, 1989	9.000	887
		March 1, 1994	9.000	6,462
9	1974	April 16, 1994	9.000	6,800
11	1974	September 3, 1989-1994	10.750	5,000
16	1975	September 2, 1995	10.750	5,000
20	1977	June 1, 1991/1997	9.000	25,000
		June 1, 1997	9.875	20,000
21	1977	December 1, 1989-1992	9.250	961
		December 1, 1997	9.500	33,500
		December 1, 2002	9.500	7,000
23	1978	November 15, 1988	9.500	1,150
		November 15, 1989-1993	9.625	890
		November 15, 1998	9.950	30,000
A23	1978	November 15, 1998	9.950	6,735
		November 15, 2003	10.000	3,265
25	1979	December 6, 1999	12.250	54,100
26	1979	December 6, 2004	12.250	11,133
32	1982	October 27, 1988	13.625	100,000
33	1983	June 15, 1993	11.750	25,000
		June 15, 2003	12.375	63,300
34	1983	November 22, 1993	12.000	58,000
		November 22, 1993	12.125	21,000
35	1984	May 15, 1990	12.625	60,300
36	1984	December 5, 2004	13.000	30,500
CA	1985	June 12, 2005	12.000	21,800
CB	1985	December 12, 2005	11.000	15,500
A29	1986	April 29, 2001	14.000	91,362
EB	1986	June 2, 2001	9.375	65,500
40	1986	October 23, 1988	9.250	1,120
		October 23, 1989	9.500	1,120
		October 23, 1990	9.500	1,120
		October 23, 1991	9.500	1,120
CC	1986	October 23, 2006	10.125	26,000

Carried forward

• Restated, see Note 2 to financial statements.

Schedule

December 31, 1988			December 31, 1987*	
Outstanding	Sinking funds	Long-term debt, net	Long-term debt, net	References
473	—	473	550	(1)
1,675	1,181	494	739	(1) (2)
2,575	1,059	1,516	1,737	(1) (2)
5,203	—	5,203	6,022	(1)
205	—	205	397	(1)
6,462	6,462	—	474	(1) (2)
6,800	6,800	—	419	(1) (2)
3,000	—	3,000	3,500	(1)
5,000	1,363	3,637	4,141	(1) (2)
3,265	—	3,265	5,341	(3)
20,000	14,298	5,702	7,866	(1) (2)
801	—	801	961	(1)
33,500	22,000	11,500	14,796	(1) (2)
7,000	3,185	3,815	4,293	(1) (2)
—	—	—	274	
890	—	890	890	(1)
30,000	17,193	12,807	15,522	(1) (2)
6,735	3,860	2,875	3,485	(1) (2)
3,265	1,297	1,968	2,173	(1) (2)
41,600	—	41,600	43,700	(4)
11,133	3,613	7,520	8,116	(2) (5)
—	—	—	100,000	
15,546	—	15,546	17,873	(6) (7)
63,300	—	63,300	63,300	(6)
58,000	—	58,000	58,000	(1)
21,000	—	21,000	21,000	(8)
60,298	—	60,298	60,298	(1)
30,500	4,339	26,161	27,414	(2) (9)
21,800	2,306	19,494	20,340	(2) (10)
15,500	—	15,500	15,500	(11)
91,362	—	91,362	91,362	(1)
65,500	—	65,500	65,500	(7)
—	—	—	1,120	
1,120	—	1,120	1,120	(1)
1,120	—	1,120	1,120	(1)
1,120	—	1,120	1,120	(1)
26,000	—	26,000	26,000	(12)
661,748	88,956	572,792	696,463	

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Schedule of Long-Term Debt / continued

DECEMBER 31, 1988 — WITH COMPARATIVE FIGURES FOR 1987
THOUSANDS OF DOLLARS

Issue / Series	Year of issue	Maturity date	Interest rate percent	Original amount
			Brought forward	
Payable in Canadian dollars, continued:				
A24	1987	May 15, 1988	7.750	$ 1,400
		May 15, 1989	8.000	1,600
		May 15, 1990	8.250	1,800
		May 15, 1991	8.500	2,000
		May 15, 1992	8.500	2,200
		May 15, 1993	8.750	2,400
		May 15, 1994	8.750	2,600
42	1987	July 30, 1988	9.000	3,500
		July 30, 1989	9.250	3,800
		July 30, 1990	9.500	4,200
		July 30, 1991	9.500	4,500
		July 30, 1992	9.500	5,000
CD	1987	July 30, 1997	10.000	90,000
CE	1987	November 15, 1992	11.250	33,000
44	1988	May 11, 1998	9.500	17,500
CG	1988	October 27, 1998	10.875	88,000
45	1988	October 27, 1989-1994	10.500	7,630
		October 27, 1995-1998	10.750	14,148
Payable in United States dollars:				
1	1971	October 1, 1996	8.375	20,000
12	1975	January 15, 2000	9.750	34,500
17	1975	November 1, 2000	9.875	37,000
18	1976	May 1, 2001	8.875	52,500
19	1976	October 15, 2001	8.750	50,000
22	1978	June 1, 1998	9.250	29,363
		June 1, 2003	9.375	4,737
28	1980	December 1, 2005	13.750	90,000
EA	1985	October 28, 2000/2005	11.250	50,000
Payable in Swiss francs:				
A5	1987	November 16, 1989-1992	5.400	4,556
Payable in Deutschemarks:				
4	1972	October 1, 1989-1992	6.750	4,618

• Restated, see Note 2 to financial statements.

Schedule

December 31, 1988			December 31, 1987*	
Outstanding	Sinking funds	Long-term debt, net	Long-term debt, net	References
$ 661,748	88,956	572,792	696,463	
—	—	—	1,400	
1,600	—	1,600	1,600	(1)
1,800	—	1,800	1,800	(1)
2,000	—	2,000	2,000	(1)
2,200	—	2,200	2,200	(1)
2,400	—	2,400	2,400	(1)
2,600	—	2,600	2,600	(1)
—	—	—	3,500	
3,800	—	3,800	3,800	(1)
4,200	—	4,200	4,200	(1)
4,500	—	4,500	4,500	(1)
5,000	—	5,000	5,000	(1)
90,000	—	90,000	90,000	(1)
33,000	—	33,000	33,000	(1)
17,500	—	17,500	—	(1) (13)
88,000	—	88,000	—	(1)
7,630	—	7,630	—	(1)
14,148	—	14,148	—	(1)
942,126	88,956	853,170	854,463	
7,665	—	7,665	8,776	(6)
15,124	—	15,124	16,633	(14)
19,742	—	19,742	21,510	(15)
28,954	—	28,954	29,986	(16)
34,129	—	34,129	36,842	(17)
21,192	—	21,192	22,370	(6)
3,921	—	3,921	4,039	(6)
75,660	—	75,660	78,320	(18)
48,000	—	48,000	48,000	(7) (19)
254,387	—	254,387	266,476	
3,738	—	3,738	4,556	
1,016	—	1,016	1,270	(20)
$ 1,201,267	88,956	1,112,311	1,126,765	

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — References to Schedule of Long-Term Debt

DECEMBER 31, 1988

1	Non-callable prior to maturity.
2	The sinking fund has been calculated to provide for retirement of the issue at maturity.
3	Redeemable at holder's option on June 1, 1991 or 1994. Callable upon the imposition of withholding taxes at 101.50% reducing to 100.25% over the remainder of the term to maturity.
4	Non-callable prior to December 6, 1994 except for sinking fund purposes. Callable on December 6, 1994 and thereafter at any time at 100%.
5	Callable on December 6, 1997 and thereafter at any time at 100%.
6	Non-callable except for sinking fund purposes.
7	Callable upon the imposition of withholding taxes at any time at 100%.
8	Non-callable prior to maturity unless lender so agrees.
9	Callable on December 5, 1999 and thereafter at any time at 100%.
10	Callable on June 12, 2000 and thereafter at any time at 100%.
11	Callable on December 12, 2000 and thereafter at any time at 100%.
12	Callable on October 23, 2003 and thereafter at any time at 100%.
13	Redeemable at holder's option on May 11, 1993.
14	Non-callable prior to January 15, 1990 except for sinking fund purposes. Callable on January 15, 1990 and thereafter at any time at 103.25% reducing to 100% on or after January 16, 1999.
15	Non-callable prior to November 1, 1990 except for sinking fund purposes. Callable on November 1, 1990 and thereafter at any time at 103.25% reducing to 100% on or after November 2, 1998.
16	Non-callable prior to May 1, 1991 except for sinking fund purposes. Callable on May 1, 1991 and thereafter at any time at 102.75% reducing to 100% on or after May 2, 1999.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — References to Schedule of Long-Term Debt / continued

DECEMBER 31, 1988

17 Non-callable prior to October 15, 1991 except for sinking fund purposes. Callable on October 15, 1991 and thereafter at any time at 102.75% reducing to 100% on or after October 16, 1999.

18 Non-callable prior to December 1, 1995 except for sinking fund purposes. Callable on December 1, 1995 and thereafter at any time at 105.02% reducing to 100% on or after December 1, 2004.

19 Redeemable at holder's option on October 28, 2000. Callable on October 28, 1993 and thereafter at 103% reducing to 100% from October 28, 1999 to October 28, 2000. The interest rate is effective until October 28, 2000; it will be reset by the Authority from October 29, 2000.

20 Callable on October 1, 1989 and annually thereafter at 100.75% reducing to 100.25% in 1991. Callable annually, also, upon the imposition of withholding taxes at 100.25% in 1989 reducing to 100% in 1991.

Six Year Review — Combined Funds

THOUSANDS OF DOLLARS

	1988	1987
ASSETS		
Cash	$ 1,508	2,386
Receivables	1,745	1,276
Investments	168,518	137,428
Demand notes receivable from Regional Districts	86,321	85,140
Loans to Regional Districts	1,114,879	1,124,501
Deferred receivables from Regional Districts	1,605	2,183
Unamortized issue and refunding costs	4,194	3,918
Sinking fund assets in excess of related debt	974	—
Total assets	$ 1,379,744	1,356,832
LIABILITIES AND SURPLUS		
Accounts payable and unpresented matured debt	$ 287	690
Due to banks	—	—
Due to sinking and other funds	1,621	3,200
Reserves for information systems enhancement	152	102
Due to Regional Districts	134,702	125,206
Long-term debt, net	1,112,311	1,126,765
Total liabilities	1,249,073	1,255,963
Surplus	130,671	100,869
Total liabilities and surplus	$ 1,379,744	1,356,832
REVENUE		
Prior year's surplus appropriated	$ 67,423	65,515
Operating levy	245	253
Recoveries from new issues	95	87
Investments income (including sinking funds)	24,487	22,132
Interest from loans to Regional Districts	147,359	144,410
Recovery of deficiencies from Regional Districts	4,279	7,130
Other	753	1,903
Total revenue	244,641	241,430
EXPENDITURE		
Legislative	45	48
Administrative	530	466
Interest	137,174	137,521
Amortization of issue and refunding costs	471	540
Allocations to Regional Districts	8,980	9,379
Other	216	18,307
Total expenditure	147,416	166,261
Excess of revenue over expenditure for the year	97,225	75,169
Surplus at beginning of the year not appropriated to current revenue	33,446	25,700
Surplus at end of the year	$ 130,671	100,869

1986	1985	1984	1983
2,881	3,186	3,658	1,749
1,768	1,627	1,724	1,951
139,133	100,630	91,736	70,597
82,611	80,243	77,863	71,867
1,127,662	1,122,746	1,127,416	1,074,500
14,122	19,318	21,573	21,573
3,099	2,066	1,100	1,312
—	—	—	—
1,371,276	1,329,816	1,325,070	1,243,549
1,945	2,256	2,507	2,697
—	1,455	4,939	4,615
3,993	6,363	464	564
115	92	66	109
115,338	112,320	108,430	97,805
1,158,670	1,138,934	1,153,524	1,095,181
1,280,061	1,261,420	1,269,930	1,200,971
91,215	68,396	55,140	42,578
1,371,276	1,329,816	1,325,070	1,243,549
36,579	30,371	25,045	20,607
360	361	351	350
86	82	190	65
19,851	17,474	15,268	11,510
144,234	144,557	137,420	121,061
3,237	489	735	201
2,014	1,173	2,199	1,906
206,361	194,507	181,208	155,700
47	53	57	48
477	473	467	352
140,009	146,027	138,879	121,681
353	403	213	213
5,707	3,605	3,903	2,675
370	319	82	63
146,963	150,880	143,601	125,032
59,398	43,627	37,607	30,668
31,817	24,769	17,533	11,910
91,215	68,396	55,140	42,578

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1988 $(000)	INTEREST
2	7.75% Serial Debentures due December 1, 1972-1996	December 1, 1971	1,259	473	Semi-annual June 1 December 1
3	7.75% Sinking Fund Debentures due March 1, 1992	March 1, 1972	1,675	1,675	Semi-annual March 1 September 1
	7.75% Sinking Fund Debentures due March 1, 1997	"	2,575	2,575	"
6	8.125% Serial Debentures due June 1, 1984-1993	June 1, 1973	8,727	5,203	Semi-annual June 1 December 1
7	9% Instalment Debentures due March 1, 1985-1989	March 1, 1974	887	205	Semi-annual March 1 September 1
	9% Sinking Fund Debentures due March 1, 1994	"	6,462	6,462	"
9	9% Sinking Fund Debenture due April 16, 1994	April 16, 1974	6,800	6,800	Semi-annual April 16 October 16
11	10.75% Instalment Debentures due September 3, 1985-1994	September 3, 1974	5,000	3,000	Semi-annual March 3 September 3
16	10.75% Sinking Fund Debentures due September 2, 1995	September 2, 1975	5,000	5,000	Semi-annual March 2 September 2
20	9.875% Sinking Fund Debentures due June 1, 1997	June 15, 1977	20,000	20,000	Semi-annual June 1 December 1

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000	Non-callable	1989—83 1990—90 1991—97 1992—35 1993—38	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000	Non-callable	Annual deposits 1983-1992	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1983-1997	"	
Coupon—$1,000	Non-callable	1989— 886 1990— 956 1991—1,034 1992—1,119 1993—1,208	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1989—205	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1975-1994	"	
Fully registered	Non-callable	Annual deposits 1975-1994	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	1989—500 1990—500 1991—500 1992—500 1993—500	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Fully registered	Non-callable	Annual deposits 1986-1995	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	Annual deposits 1978-1997	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1988 $(000)	INTEREST
21	9.25% Serial Debentures due December 1, 1988-1992	December 1, 1977	961	801	Semi-annual June 1 December 1
	9.50% Sinking Fund Debentures due December 1, 1997	"	33,500	33,500	"
	9.50% Sinking Fund Debentures due December 1, 2002	"	7,000	7,000	"
23	9.625% Serial Debentures due November 15, 1989-1993	November 15, 1978	890	890	Semi-annual May 15 November 15
	9.95% Sinking Fund Debentures due November 15, 1998	"	30,000	30,000	"
A23	9.95% Sinking Fund Debentures due November 15, 1998	November 15, 1978	6,735	6,735	Semi-annual May 15 November 15
	10% Sinking Fund Debentures due November 15, 2003	"	3,265	3,265	"
A24	7.75%-8.75% Serial Debentures due May 15, 1988-1994	May 15, 1987	14,000	12,600	Semi-annual May 15 November 15
25	12.25% Sinking Fund Debentures due December 6, 1999	December 6, 1979	54,100	41,600	Semi-annual June 6 December 6

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1989—175 1990—191 1991—208 1992—227	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	"	Annual deposits 1978-1997	"	
"	"	Annual deposits 1978-2002	"	
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	1989—147 1990—161 1991—177 1992—193 1993—212	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	"	Annual deposits 1979-1998	"	
Fully registered $1,000 and multiples thereof	Non-callable	Annual deposits 1979-1998	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	Annual deposits 1979-2003	"	
Fully registered $1,000 and multiples thereof	Non-callable	1989—1,600 1990—1,800 1991—2,000 1992—2,200 1993—2,400	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Coupon—$1,000 Coupon—$5,000 Coupon—$25,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after Dec. 6, 1994. Callable also for sinking fund purposes	1989—2,300 1990—2,300 1991—2,500 1992—2,800 1993—3,200	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1988 $(000)	INTEREST
26	12.25% Sinking Fund Debentures due December 6, 2004	December 6, 1979	11,133	11,133	Semi-annual June 6 December 6
A29	14% Bonds due April 29, 2001	April 29, 1986	91,362	91,362	Semi-annual April 29 October 29
33	12.375% Sinking Fund Debentures due June 15, 2003	June 15, 1983	63,300	63,300	Semi-annual June 15 December 15
34	12% Bonds due November 22, 1993	December 15, 1983	58,000	58,000	Semi-annual May 22 November 22
35	12.625% Retractable Debentures due May 15, 1990	May 15, 1984	60,300	60,298	Semi-annual May 15 November 15
36	13% Sinking Fund Debentures due December 5, 2004	December 5, 1984	30,500	30,500	Semi-annual June 5 December 5
CA	12% Sinking Fund Debentures due June 12, 2005	June 12, 1985	21,800	21,800	Semi-annual June 12 December 12

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Fully registered $1,000 and multiples thereof	Callable at par on or after Dec. 6, 1997	Annual deposits 1980-2004	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes	Sinking fund will begin in 1994	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable	None	Retractable at holder's option on May 15, 1987. Right may be exercised after November 15, 1986 and prior to February 18, 1987	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after December 5, 1999	Annual deposits 1985-2004	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after June 12, 2000	Annual deposits 1986-2005	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1988 $(000)	INTEREST
CB	11% Debentures due December 12, 2005	December 12, 1985	15,500	15,500	Semi-annual June 12 December 12
40	9%-9.50% Serial Debentures due October 23, 1987-1991	October 23, 1986	5,600	3,360	Semi-annual April 23 October 23
CC	10.125% Debentures due October 23, 2006	"	26,000	26,000	"
42	9%-9.50% Serial Debentures due July 30, 1988-1992	July 30, 1987	21,000	17,500	Semi-annual January 30 July 30
CD	10% Debentures due July 30, 1997	"	90,000	90,000	"
CE	11.25% Debentures due November 15, 1992	November 17, 1987	33,000	33,000	Semi-annual May 15 November 15
CF	9.50% Debentures due May 11, 1998	May 11, 1988	17,500	17,500	Semi-annual May 11 November 11

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Coupon—$1,000 Coupon—$25,000 Coupon—$100,000 Fully registered $1,000 and multiples thereof. Exchangeable	Callable at par on or after December 12, 2000	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Fully registered $1,000 and multiples thereof	Non-callable	1989—1,120 1990—1,120 1991—1,120	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	Callable at par on or after October 23, 2003	None		Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Fully registered $1,000 and multiples thereof	Non-callable	1989—3,800 1990—4,200 1991—4,500 1992—5,000	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7
"	"	None	"	Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8
Fully registered $1,000 and multiples thereof	Non-callable	None	N/A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
Fully registered $1,000 and multiples thereof	Non-callable	None	Retractable at holder's option on May 11, 1993. Right may be exercised on February 11, 1993 and thereafter to April 12, 1993	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1988 $(000)	INTEREST
45	10.50% Serial Debentures due October 27, 1989-1994	October 27, 1988	7,630	7,630	Semi-annual April 27 October 27
	10.75% Serial Debentures due October 27, 1995-1998	"	14,148	14,148	"
CG	10.875% Debentures due October 27, 1998	October 27, 1988	88,000	88,000	Semi-annual April 27 October 27

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED $(000)	OUTSTANDING DECEMBER 31, 1988 $(000)	INTEREST
20	9% Bonds due June 1, 1985/1997	June 1, 1977	25,000	3,265	Annual June 1
33	11.75% Bonds due June 15, 1993	June 15, 1983	25,000	15,546	Annual June 15
EB	9.375% Bonds due June 2, 2001	June 2, 1986	65,500	65,500	Annual June 2

DENOMINATIONS	CALL	SINKING FUND OR MATURITIES NEXT 5 YEARS $(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Fully registered $1,000 and multiples thereof	Non-callable	1989—1,045 1990—1,155 1991—1,275 1992—1,415 1993—1,570	N A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6
"	"		"	
Fully registered $1,000 and multiples thereof	Non-callable	None	N A	Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 Central Guaranty Trust Company 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS $(000)	RETRACTION	PRINCIPAL PAYING AGENT/TRUSTEE/ STOCK EXCHANGE LISTING
Coupon—$1,000	Non-callable except upon imposition of withholding taxes	None	Retractable at par at option of holder on June 1, 1985, 1988, 1991 or 1994. Right may be exercised not more than 360 or less than 90 days prior to June 1	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—$1,000 Fully registered $1,000 and multiples thereof. Exchangeable	Non-callable except for sinking fund purposes or upon imposition of withholding taxes	1989—2,507 1990—2,757 1991—3,075 1992—3,428 1993—3,779	N A	Kredietbank S.A. Luxembourgeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg
Coupon—$1,000	Non-callable except upon imposition of withholding taxes	None	N A	Kredietbank S.A. Luxembourgeoise Luxembourg. Luxembourg Stock Exchange Luxembourg

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in the United States

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1988 U.S. $(000)	INTEREST
1	8.375% Sinking Fund Debentures due October 1, 1996	October 1, 1971	20,000	7,665	Semi-annual April 1 October 1
12	9.75% Sinking Fund Debentures due January 15, 2000	January 15, 1975	34,500	15,124	Semi-annual January 15 July 15
17	9.875% Sinking Fund Debentures due November 1, 2000	November 1, 1975	37,000	19,742	Semi-annual May 1 November 1
18	8.875% Sinking Fund Debentures due May 1, 2001	May 1, 1976	52,500	28,954	Semi-annual May 1 November 1
19	8.75% Sinking Fund Debentures due October 15, 2001	October 15, 1976	50,000	34,129	Semi-annual April 15 October 15

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	AUTHENTICATING AND PAYING AGENT
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes	1989—1,350 1990—1,463 1991—1,585 1992— 567 1993— 615	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Jan. 15, 1990. To Jan. 15, 1993 —103.50% To Jan. 15, 1996 —102.25% To Jan. 15, 1999 —101%	1989—1,657 1990—1,819 1991—1,725 1992—1,893 1993—2,077	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Nov. 1, 1990. To Nov. 1, 1993 —103.25% To Nov. 1, 1996 —101.75% To Nov. 1, 1998 —100.75%	1989—2,059 1990—2,262 1991—2,290 1992—2,517 1993—2,766	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to May 1, 1991. To May 1, 1994 —102.75% To May 1, 1997 —101.50% To May 1, 1999 —100.75%	1989—2,515 1990—2,738 1991—2,981 1992—2,960 1993—3,223	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Oct. 15, 1991. To Oct. 15, 1994 —102.75% To Oct. 15, 1997 —101.625% To Oct. 15, 1999 —100.625%	1989—3,045 1990—3,308 1991—3,595 1992—3,890 1993—4,228	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in the United States

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1988 U.S. $(000)	INTEREST
22	9.25% Sinking Fund Debentures due June 1, 1998	June 1, 1978	29,363	21,192	Semi-annual June 1 December 1
	9.375% Sinking Fund Debentures due June 1, 2003	"	1,737	3,921	"
28	13.75% Sinking Fund Debentures due December 1, 2005	December 1, 1980	90,000	75,660	Semi-annual June 1 December 1

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in Europe

ISSUE/ SERIES	DESCRIPTION	DATED	AUTHORIZED U.S. $(000)	OUTSTANDING DECEMBER 31, 1988 U.S. $(000)	INTEREST
EA	Retractable Bonds due October 28, 2000-2005	October 28, 1985	50,000	48,000	Annual October 28 Rate 11.25% until October, 2000. Rate will be reset from October 29, 2000

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	AUTHENTICATING AND PAYING AGENT
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes. Optional redemption—Tenders may be called from all holders	1989—1,210 1990—1,322 1991—1,983 1992—2,166 1993—2,366	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005
"	"	1989— 130 1990— 141 1991— 155 1992— 170 1993— 185	
Fully registered U.S. $1,000 and multiples thereof	Non-callable except for sinking fund purposes prior to Dec. 1, 1995. On Dec. 1, 1995 and thereafter at 105.02% declining by 0.56% on each Dec. 1, to 100% on or after Dec. 1, 2004	1989—3,027 1990—3,445 1991—3,193 1992—3,633 1993—4,134	Bank of Montreal Trust Company 77 Water Street New York, N.Y. 10005

DENOMINATIONS	CALL	SINKING FUND NEXT 5 YEARS U.S. $(000)	RETRACTION	FISCAL AGENT/ STOCK EXCHANGE LISTING
Coupon— U.S. $1,000 U.S. $5,000	Callable on October 28, 1993 and thereafter at 103% declining by 0.50% on each October 28, to 100% on or after October 28, 1999	None	Retractable at par at option of holder on October 28, 2000. Right may be exercised not more than 30 days or less than 15 days prior to October 28, 2000	Kredietbank S.A. Luxembourgeoise Luxembourg. Luxembourg Stock Exchange Luxembourg